

JULY 1, 2005 - JUNE 30, 2006



insights

Y E A R I N R E V I E W

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Cover image: CTTC's new CD compilation titled
"California—The Soundtrack."

See Page 5 for Details

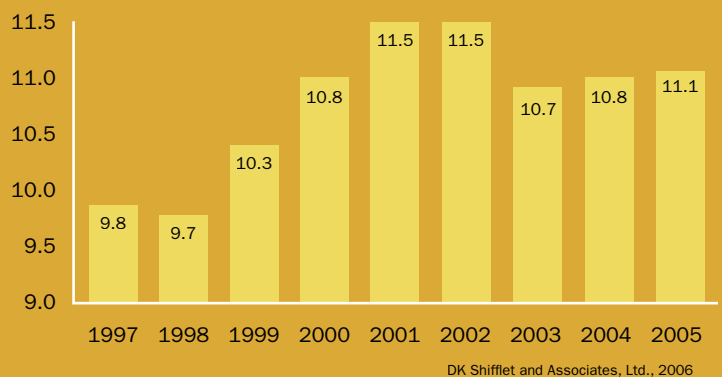
Figures at a Glance

In 2005, California tourism generated \$88.1 billion in direct travel spending, a 7.6 percent increase over 2004, and produced \$5.3 billion in direct state and local tax revenues.¹

During 2005, travel spending in California directly supported nearly 912,000 jobs, up 5.4 percent from 2004 figures. Travel spending generated the greatest number of jobs in food service (263,300); arts, entertainment and recreation (229,100); and accommodations (202,900).²

Domestic travel to and through California grew 6.7 percent in 2005, surpassing the national growth rate of 4.1 percent. California's share of the U.S. travel market increased from 10.8 percent in 2004 to 11.1 percent in 2005. California maintained its ranking as the top destination in the U.S. in terms of person-stays.

California Domestic Market Share (% U.S. Person-Stays)



There were 29.8 million domestic air passenger visitor arrivals to California airports in 2005, up 2.6 percent from 2004. This exceeds the number of arrivals in 2000, from the previous high of 29.6 million.³

1,2,3. Dean Runyan Associates, Inc. 2006



Executive Director's Message



Caroline Beteta
CTTC Executive
Director/Deputy
Secretary, Division
of Tourism

It was an exciting and productive year for the California Travel and Tourism Commission and we are looking forward to yet another year of sharing our fantastic state with the world.



Governor Schwarzenegger signed a bipartisan budget on June 30 that allocated \$7.3 million to the Division of Tourism for FY 2006–2007. This amount, coupled with private sector contributions of approximately \$10.95 million that comply with the 60/40 match required by the state, will provide California with \$18.25 million to implement competitive year-round advertising campaigns and marketing programs. Also, tourism industry leaders voted last fall to approve a new assessment level of \$650 per gross million of travel and tourism revenue, and a one percent travel and tourism revenue exemption threshold (down from eight percent).

Last fall, the CTTC and California's premier ski resorts and destinations joined together to promote California's winter sports industry. The California Snow Campaign debuted in London during the ski industry's biggest consumer show, and was later introduced in California's top domestic feeder markets. A 30-second television commercial featuring Governor Schwarzenegger and professional skiers and snowboarders anchored the campaign.



Winter's marketing momentum continued into spring when the CTTC launched its first national cable television advertising campaign in March. The \$5 million spring/summer campaign included a 30-second commercial featuring Clint Eastwood, Teri Hatcher and other famous Californians.

Cooperative marketing partnerships continue to promote the California brand and those of our tourism industry partners. Initiatives like the California Rewards Program, A Taste of California, and Shop California are just a few examples of strategic alliances that drive destination business.



Reinforcing our media relationships, CTTC representatives and California delegates met with top-tier journalists at press events in San Francisco, Chicago, New York and Los Angeles to discuss story ideas that reinforce the California message. Our travel trade offices in Australia, Japan, Germany and the U.K. promoted the California brand at numerous tradeshow, meetings and events.

The success of our many programs, from advertising and publicity campaigns to cooperative marketing, would not be possible without the tireless support and involvement of the CTTC Commissioners, committee members and travel industry partners. We are grateful for their vision and leadership.

Highlights of the Year

With 31 million outbound travelers in 2005 and an expected 100 million predicted in 2020, China has huge revenue potential for the U.S.

CTTC Joins China Trade Mission to Tout California Lifestyle

In November, Governor Schwarzenegger and a 79-member delegation, including representatives from California's top travel destinations, accommodations and attractions, traveled to China to promote California trade and tourism in the world's largest emerging market. By 2010, China is expected to be the largest source of outbound travelers in the world. The China Trade Mission included stops in Beijing, Shanghai and Hong Kong. Among the events staged to promote California were Chinese tour operator luncheons held in each city, two travel media events, California Showcase trade event, California Food and Wine reception, California Lifestyle reception and a California Grown event trade show. Three California vacations were awarded during the tour courtesy of United Airlines and the tourism partners.



Mike Gallagher introduces CityPass to Chinese tour operators during trade events in Beijing, Shanghai and Hong Kong.



Governor Schwarzenegger and Sunne Wright McPeak, Secretary, California Business, Transportation and Housing Agency, and CTTC Chair, led the delegation.



Terry MacRae, Hornblower Cruises and Events, networks with tour operators.



CTTC Executive Director Caroline Beteta speaks with a Chinese tour operator.



This year's California Snow Campaign resulted in over 15 million media impressions, valuing \$4.5 million.

First-Ever Campaign to Push California Powder

Governor Schwarzenegger, the CTTC, and California's world-renowned ski resorts and destinations joined forces to increase skier visits with the launch of the 2005-2006 California Snow Campaign. The cornerstone of the campaign was a 30-second television commercial featuring Governor Schwarzenegger and top-ranked professional skiers and snowboarders on California's slopes including Glen Plake (left), Abe Teter, Travis Cabral and more. Rounding out the campaign were national print and broadcast advertising, media relations, Internet and e-mail programs, and co-branding partnerships with United Airlines, Southwest Airlines and Warren Miller Entertainment. Pre-season launch events were held at consumer ski shows in London and Dallas. Public relations efforts resulted in over 15 million media impressions valued at \$4.5 million. A new Web site, www.visitcaliforniasnow.com, was created and features the interactive "Race the Gov" online game.

Amgen Tour of California Races Down State

The inaugural Amgen Tour of California professional cycling race embarked on its 600-mile, eight-day course in February. As a founding partner, the CTTC received over \$1 million in advertising exposure on ESPN2 during its nightly coverage of the race, promotional signage along the course and at a CTTC-sponsored stage race, participation in the Chairman's Ride and the opportunity to present the California Tourism King of the Mountain Jersey at each finish line. The CTTC also hosted an informational booth at each finish city's Amgen Tour of California Lifestyle Festival. The successful event generated over 623 million media and marketing impressions worldwide. The Tour spanned from San Francisco to Redondo Beach and visited 10 host cities. The course will change each year.

From left to right:
Glen Alan Chadwick,
Floyd Landis,
Levi Leipheimer,
Olaf Pollack,
Thomas Peterson



Photo By: Mark Johnson

The \$5 million spring/summer advertising campaign created awareness of the California brand among 44 percent of traveling households—that's 36.2 million households nationally. Those who saw the advertisements were 14 percent more likely to choose California as their favored destination for a trip during 2006, and 16 percent were more likely to say that they were already planning a trip or were very likely to visit the state.

Celebrities and California Tunes Highlight New Ad Campaign

The CTTC launched its 2006 spring/summer advertising effort on March 13 using network cable television for the first time ever to reach a national audience. Expanding market coverage on a national level was the result of restored public funding from Governor Schwarzenegger and the Legislature. The \$5 million advertising campaign was an upbeat testimonial to the “California attitude,” or the notion that Californians live life to the fullest—a key message that helps to define the unique California experience. A new 30-second commercial anchored the campaign and featured volleyball star Misty May, skateboarding legend Tony Hawk, and Hollywood celebrities Teri Hatcher and Clint Eastwood, who closes the commercial with his famous line, “Do you feel lucky?” In addition to conveying the emotion and high energy of the California experience, the commercial included images of California’s scenic, cultural and geographic diversity.

The commercial aired through June, delivering approximately 420 million media impressions through 1,500 spots. Seventy-five percent of the schedule aired during

prime cable viewing hours. The TV placement was leveraged to include on-air sponsorships, sweepstakes/promotions, and Web site advertising through the cable networks. An abridged version of the commercial was tagged by Southwest Airlines promoting fares to California from Seattle, Phoenix, San Antonio, Houston, St. Louis and Chicago.

According to Strategic Marketing Research, Inc., research results indicate that the campaign achieved up to 46 percent awareness nationally. During the first month of the program, unique visits to the digital *California Official 2006 State Visitor’s Guide and Travel Planner* on the CTTC Web site were up 50 percent versus the same time period in 2005. Initial campaign results show the ad reached a much larger audience—36 million versus 2.5 million in 2004. An ad budget increase this year significantly improved the efficiency and cost effectiveness in reaching aware households. The previous ad cost \$1.03 to reach an aware household versus \$.12 in 2006.

Complementing the TV component was a magazine cooperative insert. The *California*

Drives 2006 guide was bound into 500,000 July issues of *Sunset* magazine. The insert was included in California and neighboring states’ editions. This 32-page guide includes maps and driving tour itineraries designed to help travelers explore California from the most spectacular destinations to the lesser known nooks and crannies. View the guide online at www.visitcalifornia.com. An ongoing e-mail program was implemented to share CTTC news with consumers, build a database of names, and drive consumers to the CTTC Web site for trip planning and booking purposes.

Blending brand recognition and promotional opportunities, the CTTC developed a music CD compilation of eight songs about California that was released in June. The CD, titled “California—The Soundtrack,” was designed to remind consumers of California’s special place in our hearts and culture, through iconic songs by artists like the Beach Boys and The Mamas and The Papas. Best Western Hotels joined the CTTC as a distribution partner for the CD. The CD is also sold at the California Store at www.visitcaliforniastore.com for \$9.99.



(1)



Hollywood celebrities Teri Hatcher(3) and Clint Eastwood(2), as well as volleyball star Misty May(1), among others portray the hip California lifestyle that makes the Golden State the top U.S. travel destination.



(2)



(3)



Cooperative Marketing Positions California as Top Destination

Cooperative marketing programs with our travel industry partners continue to drive visitors to California. These niche programs reach nearly every visitor segment with compelling call-to-action messages.

Cooperative Magazine Inserts

The CTTC used multi-page magazine inserts for cooperative advertising efforts that extended budget and impact during the fall/winter 2005 and spring/summer 2006 time periods. The fall/winter 2005 insert appeared in *Travel + Leisure*, *National Geographic Traveler* and *Food & Wine* magazines.



California Rewards Program

The California Rewards Program helps restaurants and hotels increase their business by rewarding customers with incentives to travel in California. The cash-like rewards can be redeemed at over 600 California hotels, including select Hiltons, Hyatts, and Marriotts. The CTTC secured a variety of distribution partners, making the card widely available and easy to find. Partners include Long's Photo Department (in-store display), Applebee's, Albertsons, Monterey Bay Aquarium, Ground Net (ground transportation in Los Angeles, San Francisco and San Diego) and LunchBoxers.



California Fun Spots

California's six major attractions continue to promote theme park fun through the California Fun Spots program. Placements in *Sunset* and *Good Housekeeping* magazines invited over 2 million consumers to visit www.cafunspots.com for discounts, insider tips, and direct Web site links to LEGOLAND® California, Monterey Bay Aquarium, San Diego Zoo, San Diego Zoo's Wild Animal Park, SeaWorld Adventure Park and Universal Studios Hollywood. A half-million California Fun Spots discount cards are available through various CTTC outlets.

Your Channel—

Supermarket Checkout TV

Beginning June 26, the California brand was showcased in Albertsons and Wal-Mart on the new Your Channel—Supermarket Checkout TV. The four-week program included over 1 million 30-second video spots and 30-second custom side panels for call-to-action messaging from the CTTC and tourism partners. The videos were seen in over 400 supermarkets throughout California and in Seattle, Portland, Las Vegas, Denver and Phoenix.



Shop California



As part of Shop California's partnership with Shop America Alliance, the

Shop America Tours in California were promoted and sold on www.shopcalifornia.org. Partners include Beverly Center, Westfield Shoppingtown MainPlace, Cabazon Outlets, Macy's San Francisco and Westfield Century City. The program's new HATS and BAGS Collection vacation packages incorporate shopping, dining, and cultural/heritage outings into the experience. Shopping, dining and cultural interests represent the top three travel activities in America.

California LunchBoxers



Two successful CTTC programs, California Fun Spots and the California Rewards Program, joined together in a cross-promotion campaign with LunchBoxers, a portable snack or lunch package, ideal for picnicking at California attractions. The California Rewards message is featured on LunchBoxers' outside packaging, while the inside lid features a California Fun Spots promotion. Each LunchBoxers kit contains a California Rewards Program card. California LunchBoxers are distributed indefinitely through grocery stores such as Wal-Mart.

Cultural and Heritage Tourism Symposium

The California Cultural and Heritage Tourism Council, California Preservation Foundation and California Association of Local Arts Agencies, with sponsorship from the California Roundtable on Recreation, Parks and Tourism, hosted its second annual Cultural and Heritage Tourism symposium in April in Sacramento. The annual symposium helps develop a collaborative effort to preserve, protect, develop, interpret and promote the cultural and heritage assets of California. Cultural travel significantly impacts California's economy while supporting public and private arts programs.

ARES

The CTTC entered into a partnership with Advanced Reservation Systems (ARES) in October to provide online reservation technology for the California travel industry through www.visitcalifornia.com. The reservation service offers consumers a booking engine featuring everything from lodging and attraction tickets to vacation packages and last minute deals. ARES has the ability to print attraction tickets via the print@home e-ticketing technology and offers significant exposure to CTTC travel service partners.

Revamped www.visitcalifornia.com Web Site Coming Soon

The CTTC is preparing to launch the redesigned www.visitcalifornia.com Web site. The complete overhaul will enhance the Web site's primary purpose of helping consumers plan their California vacation. The site's new design will be consistent with CTTC's marketing efforts to portray California's vivacious attitude. For CTTC's industry partners, the site will provide better opportunities for assessed businesses and advertisers to gain visibility among users.



The California Cultural and Heritage Tourism Council recognized the cities of Redlands, Fresno, Monterey, Santa Monica and Santa Ana for their designation as official "Preserve America" communities.

From left to right: Cynthia Cooper, Fresno Coalition for Art, Science & History; Ann A. Pritzlaff, Advisory Council on Historic Preservation/Preserve America; Susan Wilcox, CTTC; City Manager Fred Meurer, City of Monterey; Deputy Director Grace Daniel, California State Parks; Mayor Jon Harrison, City of Redlands.

Mercury Award for Japan Travel Mission

The CTTC was honored with a national Mercury Award in the International Marketing category for Governor Schwarzenegger's November 2004 Japan Trade Mission. A video captured the excitement and high energy of the Governor's trip. The prestigious Mercury Award was presented to the CTTC in August at the National Council of State Travel Directors (NCSTD) 22nd annual Educational Seminar for Tourism Organizations (ESTO).



California Gains Market Share

- California ranks as the nation's top destination as defined by person-stays.
- California gained domestic market share of the U.S. travel market, moving from 10.8% in 2004 to 11.1% in 2005.
- Domestic travel to and within California increased 6.7%.
- California domestic leisure travel grew 7.1% from 228 million travelers in 2004 to 244.3 million in 2005.
- U.K. visitors to California increased by 12% to 778,000.
- The number of Japanese visitors to California increased by 15% to 722,000.
- California's share of overseas visitors to the U.S. grew 6.7% and total overseas visitation increased 14.3%.

**California ranks
as the nation's
top destination
as defined by
person-stays.**

Information reported by D.K. Shifflet & Associates, Ltd. and CIC Research, Inc.



CTTC Communications Programs Target Global Markets

Media Relations Results

The CTTC continued to create newsworthy events and materials for the media in domestic and overseas markets. In addition to Governor Schwarzenegger's support for tourism, and the collective efforts of the CTTC and our international offices, the CTTC generated \$6.6 million worth of domestic coverage for California and over \$79.3 million worth of international media coverage.



Delora Buckman-Merritt and Yvette Mulholland represent the Central Valley Tourism Association at the San Francisco Media Reception.

San Francisco Media Reception

AT&T Park's (formerly SBC Park) AAA Club Level was the setting for the San Francisco Media Reception in September. Over 50 California delegates representing tourism destinations and entities shared story ideas with more than 70 travel writers, editors and freelance journalists representing the *San Francisco Chronicle*, *San Jose Mercury News*, *Sacramento Bee*, *Outside* magazine, *Sunset* magazine, *Travel Weekly*, Copley News Service and KGO's On-the-Go with John Hamilton—to name a few.

Chicago Media Luncheon

In January, the CTTC hosted a private luncheon in Chicago for over a dozen consumer and travel trade journalists. The event was an exploratory mission to gauge the Chicago market's interest in California for future media events open to delegate participation. Delegates submitted story ideas that were distributed to media. Among attendees were: *Chicago Tribune*, *Chicago Sun-Times*, *Frequent Flyer*, *Journal & Topics* Newspapers, *Windy City Times* and several freelancers.

New York Media Reception



Journalist Evelyn Kanter wins a trip to California.

The CTTC's annual New York Media Reception, held in February, attracted more than 100 journalists and 49 delegates. Display tables were grouped in themed clusters—wine, ski, surf, city nightlife and attractions. Live models dressed to depict each themed cluster exemplified California's fun lifestyle and attitude. Among the media who attended the event were: *Travel + Leisure*, *Frommer's*, *15 Minutes Magazine*, *For the Bride*, *CEO Traveler*, *Town & Country*, *Condé Nast Traveler*, *Elite Traveler*, *Parenting*, *Hi Class Living* magazine, Fodor's Travel Publications and Fodors.com.

Los Angeles Media Reception

More than 60 top-level media attended the Los Angeles Media Reception in June at the trendy Wolfgang Puck restaurant at the Pacific Design Center in West Hollywood. Over 60 delegates participated in the media reception. Among the media who attended the event were: *Los Angeles Times*, *Orange County Register*, *Santa Barbara News-Press*, *Westways*, *Los Angeles Magazine*, *Association News* magazine and Family Magazine Group. A photo booth was a highlight of the evening, giving guests a chance to show off their quirky California side.



News Releases and

What's New in California

Twenty-five news releases and media advisories were distributed to media featuring various California themes, CTTC programs, publications, promotions and research findings. Four issues of *What's New in California*, a round-up highlighting new developments in California tourism, were sent to nearly 3,000 national and international media. Foreign language versions of *What's New in California* were also published and distributed.

Ongoing Activities

The CTTC responded directly to 2,239 inquiries and fielded hundreds of media inquiries at numerous trade shows and conferences, including: JATA (Japan), World Travel Market (U.K.), China Trade Mission, ITB (Germany), TIA International Pow Wow (Orlando), TIA See America Week U.K. (London), the North American Travel Journalist Association (NATJA), and Outdoor Writers Association of California (OWAC) conferences. The online press room on www.visitcalifornia.com received 291,175 page visits.

Summer Kick-off Media Outreach

The CTTC kicked-off the summer season with a summer celebration package sent to over 125 media. The surprise package was delivered on June 21, the first day of summer, and contained a pint of California-based Dreyer's/Häagen Dazs ice cream, a customized California Tourism ice cream scoop, the new "California—The Soundtrack" music CD, and the *California Drives 2006* guide. Among the media to receive the summer celebration package were *USA Today*, *New York Times*, *Dallas Morning News*, *Travel + Leisure*, and *National Geographic Traveler*.



This surprise package was delivered on June 21 to over 125 media.

International Marketing & Communications

Australia

Integra Tourism Marketing introduced Australian journalists to the California attitude during a media luncheon to launch PR activities in Australia. Seven U.S. suppliers participated in the annual California Tourism Trade Mission, which included wholesale reservations and sales staff training, media receptions, and the launch of the California Tourism/Hertz Challengers Cup. The office reported 312 media inquiries and a value of \$6,575,856 in California media coverage.

Germany

Marketing Services International (MSI) participated in the Visit USA travel agent education program to familiarize over 600 travel agents with U.S. destinations. Cooperative marketing programs in Scandinavia were discussed with Icelandair. MSI's efforts in Germany, Austria and Switzerland resulted in publicity with an ad equivalency value of \$10,309,630. The office fielded 540 California-related press inquiries.

Japan



Marketing Garden reported that Gorie, Japan's hottest star and the Honorary Ambassador for California Tourism in Japan, continued to wow audiences in Japan. The Gorie music CD, "Pecori Night," reached the number three spot in its first week on the Japanese version of the Billboard Pop Charts. The Japanese-language California Tourism Web site, www.visitcalifornia.jp, launched in August. Media efforts resulted in \$59,091,608 worth of coverage. The office fielded 630 media inquiries.

U.K.

McClusky International worked closely with the California Snow Campaign launch event in October. National newspaper travel editors, broadcast sports commentators and freelance journalists attended the event. Travel trade professionals throughout the U.K. embarked on a mission to become California experts through the online training program, California Travel College. A record 150 trade and media contacts attended the California Film Premiere event held prior to World Travel Market in November. The office reported 257 media contacts between July 2005 and April 2006 with a total publicity value of \$3,328,583.

Contacts and Leads

July 2005–June 2006

88,338

E-mails to California Tourism, calls to 800#, and informational packets ordered online

185,204

Visitor's Guides sent to prospective travelers

15,369

Informational calls to California Tourism and Assessment Team

11,785

Research Web site visits

2,239

Direct media relations inquiries

784,237

California Welcome Center visitors (walk-ins)

56,867,788

Web site hits

2,347,937

Web site visitor sessions

Educational Outreach Keeps Tourism Partners Informed

The CTTC keeps tourism industry partners informed on budget developments, marketing opportunities, and research data pertinent to California travel through various communication tools and outreach programs.

Insights

Insights, a 20-page, four-color newsletter, informs California travel and tourism businesses of CTTC's services and marketing programs, many of which include partnership opportunities. Two issues of *Insights* were distributed to approximately 12,500 organizations and individuals, including all 5,500 assessed businesses.

CTTC Year in Review

Distributed to 8,091 California tourism-related businesses at the end of the fiscal year, *CTTC Year in Review* recaps all of the marketing activities, advertising programs and other CTTC programs that took place during the fiscal year.

CTTC Bi-monthly Newsletter

The CTTC produces a bi-monthly newsletter that informs assessed businesses and travel industry partners about new and ongoing marketing activities and other partnership opportunities. E-mail and hard copy versions of the newsletter are available.

CTTC Regional Marketing Representatives

CTTC regional marketing representatives reported over 2,500 meetings with assessed businesses throughout California. The representatives attend industry events and meet with our travel industry partners on a regular basis to communicate the CTTC's various cooperative and marketing programs.

Speeches and Conferences

CTTC staff made presentations at dozens of travel industry meetings, events, conferences and small group meetings throughout California. Presentations were given at San Francisco's Fisherman's Wharf Merchants Association, California Hotel and Lodging Association, Legislative Awareness Summit, TIA TravelCom 06, Sacramento Hotel Association, Fresno Valley Tourism Workshop, and Calaveras County Visitors Bureau.

Educational Outreach

As part of our educational outreach program, the CTTC coordinated two mailings to California legislators to emphasize tourism's positive impact on the Golden State. The first message was delivered in April and included a copy of the *California Official 2006 Visitor's Guide and Travel Planner* accompanied by a letter and three decorative one dollar bills designed to highlight the value of tourism to California's economy. A second package was delivered in June to kick off the summer travel season and included a letter and a copy of the *California Drives 2006* guide.



CTTC Tools Help Vacation Planners

The CTTC produced various trade and consumer publications to assist travelers who were making plans to visit California. More than 185,000 visitor's guides were sent from California Tourism's fulfillment house.



California Official 2006 Visitor's Guide and Travel Planner (CVG)

The CVG is California's most comprehensive travel planning reference. The free 208-page visitor's guide features regional maps, lists of attractions and accommodations, and special sections such as the first-person narratives about California travel outings. Twelve regional sections include insider's tips and maps with featured driving tours and popular activities related to each drive. We received approximately 350,000 guides which were distributed through fulfillment.



Digital Version of California Official 2006 Visitor's Guide and Travel Planner (CVG)

A digital version of the CVG can be viewed online at www.visitcalifornia.com. Users can turn pages, make notes and click through to advertisers' Web sites.

E-mail Blasts

Through Sunset Custom Publishing and USA-800, CTTC coordinated an e-mail blast to consumers who had ordered the *California Official 2005 Visitor's Guide and Travel Planner*. The e-mail blast promoted the *California Official 2006 Visitor's Guide and Travel Planner* and its new digital version. Requests for the guide rose from 364 a day to more than 1,700 per day during this time period.



CTTC's Web Site

Activity on www.visitcalifornia.com remained strong with a total of 2,347,937 million visitor sessions in the 2005–2006 fiscal year. The Web site also averaged 155,802 hits per day, with an average visitor session of 5 minutes and 27 seconds.

www.VisitCaliforniaStore.com

Internet travelers purchased California-themed merchandise at CTTC's online store, www.visitcaliforniastore.com. In partnership with the California Welcome Centers (CWCs), the site offers the same California-themed merchandise sold at individual centers, including apparel, souvenirs and books.



California Official State Map 2006

Traveling California's highways and scenic routes is easy with the *California Official State Map 2006*. The full-color map highlights tourist attractions, landmarks and other points of interest.

California Welcome Centers (CWCs)

The CWCs help consumers with all aspects of traveling in California, and assisted 784,237 walk-in visitors in FY 05–06. Ten CWCs are located across the state. Businesses and destinations can advertise on state-of-the-art, 42-inch plasma screens located in select CWCs throughout the state.



Travel Trade Development Selling California Throughout the World

The CTTC carried out an aggressive domestic and international trade marketing program by attending various travel trade and consumer exhibitions, conducting sales calls, building partnerships, coordinating educational programs, organizing familiarization trips, and more. Activities were coordinated in key markets Australia, Canada, Germany, Japan, Mexico and the United Kingdom, and in secondary markets such as Brazil, France, Ireland, Scandinavia and Spain.

World Travel Market (WTM)

The CTTC and 14 California partners participated in WTM, the world's largest English speaking travel trade exhibition, in London last November. Among the most popular events at WTM is the VIP Tour Operator and Media Film Premiere Event hosted by the CTTC and California partners. The film shown at the 2005 premiere, "Just Like Heaven," was filmed in San Francisco.



California Vegas Arizona (CVA)

Over 45 companies from the United States conducted travel agent seminars and trade shows in Mexico City and Guadalajara. One-on-one business appointments were held in Mexico City with meeting planners, wholesalers, tour operators and incentive operators. Approximately 500 agents attended educational training seminars to learn more about the products in California, Las Vegas and Arizona.



The California booth at ITB

ITB

The CTTC and nine California partners showcased the Golden State's latest travel products at the annual ITB exhibition in March. The five-day event held in Berlin is the world's largest travel trade, media and consumer show. ITB attracts over 10,000 exhibitors from 180 countries, and an estimated 150,000 trade representatives, media and consumers.

International Pow Wow

The CTTC participated in the Travel Industry Association of America's annual International Pow Wow trade event in May. This year's event was held in Orlando. Pow Wow is the largest generator of Visit USA travel and attracts over 1,000 international and domestic wholesale buyers. The CTTC conducted more than 100 trade and media appointments at this year's event. Look for Pow Wow 2007 in Anaheim.

California Tour Operator Golf Cup Invitational

Temecula Valley and the Palm Springs Desert Resorts were the host sites for the fourth annual California Tour Operator Golf Cup Invitational in May. The event attracted 22 tour operators and media representatives from Australia, Germany, Japan, Norway, Mexico, Canada and the U.K. The group conducted destination and hotel site inspections, in addition to experiencing some of Southern California's finest golf courses.

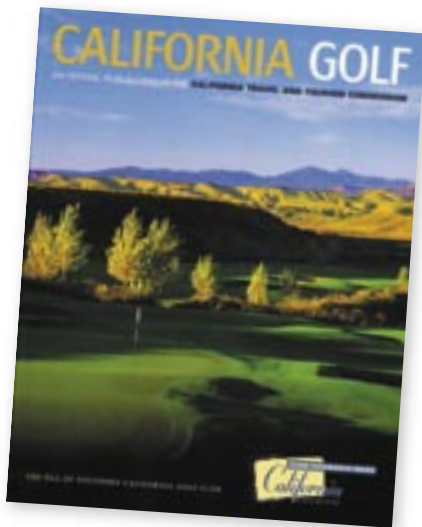


(Top) Terry Selk participates in the California Tour Operator Golf Cup Invitational.

(Bottom) Glenda Taylor, Terry Selk and Martin Walter, CTTC's German representative, meet with wholesale buyers from around the globe at Pow Wow 2006 in Orlando.

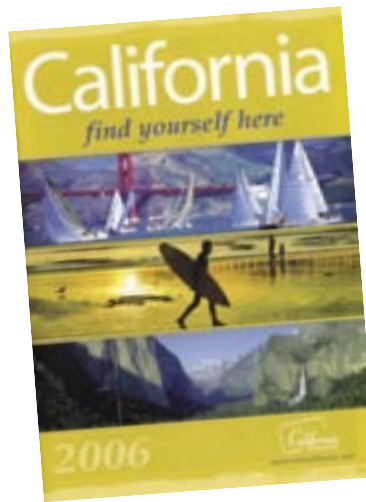
California Golf

Distribution of *California Golf 2005* increased to 73,000 with nearly one-half mailed directly to meeting planners across the western United States as part of a partnership with *Smart Meetings* magazine. In August 2005, California Golf launched its Japanese language golf Web site, www.californiagolf-japan.com. United Airlines continued to air the California Golf television series on United States/Heathrow, London flights.



International Visitor Guides

An abridged *California Official 2006 Visitor's Guide and Travel Planner* was published for consumer and trade distribution throughout the United Kingdom, Germany, Japan and Mexico. Distribution channels included magazines and travel shows to reach 120,000 consumers and travel trade organizations. In the U.K., the guide was distributed by *Essentially America*, a dedicated U.S. travel magazine. In Germany, 50,000 *FOCUS* magazine (similar to *Time* magazine)



subscribers received the guide. Japan and Mexico each received 10,000 copies for general distribution. The Japanese version was also used as a fulfillment piece for a Japanese Department of Commerce Web site promotion.

Mexico Marketing Alliance

To increase visibility for the California brand and industry partners in Mexico, the CTTC established the Mexico Marketing Alliance. The Alliance is an industry-sponsored program that ensures California is well-positioned in various trade, media and consumer activities throughout the year.

Destinations2Discover

The CTTC partnered with www.Destinations2Discover.com, a business-to-business Web site that connects travel professionals and visitors to unique experiences and activities. The user-friendly Web site offers destination research, trip planning and purchasing tools for approximately 60,000 travel trade professionals who subscribe to the service. The program allows industry partners to place their product on the www.Destinations2Discover.com searchable database for a fraction of the cost of doing it independently.

California Tourism Center Scandinavia

Eleven California partners joined the CTTC to promote travel to California from Scandinavian countries. The program includes travel trade and media familiarization tours to Northern California with airline partner Icelandair; attendance at trade and consumer shows; travel guide distribution to tour operators and travel agencies in Denmark, Sweden, Norway, Finland and Iceland; the development and distribution of a quarterly newsletter to over 500 Scandinavian travel agencies and journalists; and Web site promotions with Icelandair.

California-Japan Visitor Web Site

The CTTC launched its Japanese language Web site, www.visitcalifornia.jp in August of 2005. The new site attracted approximately 60,000 unique visitor sessions in its first year.



SeeAmerica Japan Week

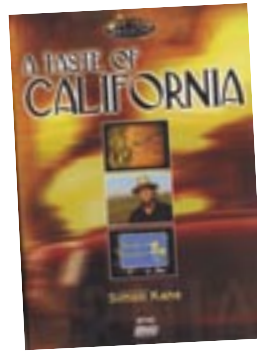
At SeeAmerica Japan Week in Tokyo last September, the CTTC Japan booth reported direct interaction with 1,850 event attendees, among them travel trade and media professionals, and the general public. The CTTC's new Japanese language Web site was unveiled during the event. The CTTC Japan booth attracted consumers through colorful California displays and giveaways including posters of Governor Schwarzenegger and Governor cell phone straps.

California Welcome Centers

	Total Visitors
CWC, Anderson	24,805
CWC, Arcata	8,402
CWC, Auburn	19,033
CWC, Barstow	259,643
CWC, Merced	54,490
CWC, Oceanside	98,419
CWC, San Francisco	146,463
CWC, Santa Ana	84,025
CWC, Santa Rosa	66,994
CWC, Yucca Valley	21,963
Total Visitors July 2005–June 2006	784,237

CTTC Program Contacts

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- **Janice Simoni** Welcome Centers
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- **Tiffany Urness** Research
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- **Terri Toohey** Assessment
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A Taste of California

The highly anticipated “A Taste of California” television series debuted on the European Travel Channel last November. The series includes 18 episodes that highlight a California region’s food, wine and lifestyle. The series is expected to replay on the European Travel Channel several times over the next few years. Other networks worldwide are expected to air the programming as well. A Web site, www.tasteofcalifornia.tv, complements the television program and features each California partner with links to their Web sites.

The Wine Network has also contracted the series for its cable broadcast in America, Australasia, Europe and South America, adding 20 million households to the already 50 million receiving the programming in Europe.

Golden City Gate Award

The CTTC was honored with a prestigious Golden City Gate Award at ITB in March

for its “A Taste of California” television series. The Golden City Gate Awards is the tourism industry’s equivalent of the film industry’s Oscars. This year, over 300 videos were submitted from travel and tourism organizations throughout the world. The awards recognize the growing importance of videos as a tourism marketing tool. Consumer DVDs, online streaming video, television programs and TV channels dedicated to leisure travel are a few of the areas where videos are impacting tourism marketing. The CTTC took home second place in the best TV Travel Magazines category.

“Over the Hedge” Movie Promotion

In conjunction with the U.K. spring release of the animated film “Over the Hedge,” the CTTC and ODEON, the largest cinema chain in the U.K., partnered to promote California travel. Double-spread ads promoting the film, California Tourism and Big Bear Lake were featured in ODEON’s free quarterly movie magazine that was distributed at 97 U.K. theaters. The magazine’s circulation is 750,000, and the value of the placement is \$42,000. Consumers were invited to enter a contest to win a vacation to Big Bear Lake.



Industry Research Aids in Developing CTTC Programs

The CTTC contracts with nationally recognized research firms to obtain objective, valid and reliable documentation of the economic impact of travel spending in California, visitor volume and demographics, market share and the return-on-investment (ROI) of key CTTC marketing activities.

California Travel Research Bulletin

Monthly bulletins with the latest travel-related research and statistics are sent to subscribers at no charge via e-mail, and are posted on the CTTC's www.visitcalifornia.com Web site. Bulletins include links to just-released data and studies, as well as upcoming research projects and conferences.

Research Publications and Web Site

The Travel Industry/Research & Statistics section of www.visitcalifornia.com provides free downloadable reports on California travel impacts, visitor volume, market share, and domestic and international traveler demographics and trip characteristics. A new interactive feature was added in spring

2006 allowing users to create customized charts and graphs for any California county. Research publications are also available in hard copy. The flagship research publication, *California Fast Facts 2006*, is a comprehensive, easy-to-read, 22-page publication containing highlights of statewide and regional travel and tourism statistics. In 2005, a summer issue was added.



Research Assistance

The research office provides information and assistance to destination marketing organizations, assessed businesses, local, state and national governments, media, investors, tourism developers, economic development organizations, marketers and students as a resource for obtaining, interpreting and applying travel and leisure-related data.

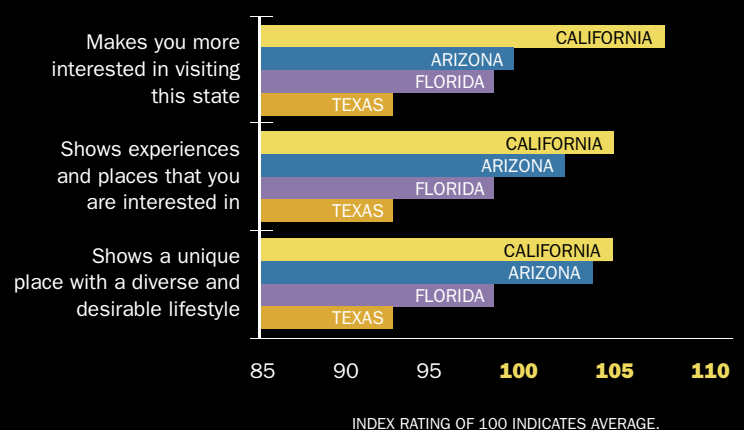
Evaluation Studies

California has been in the forefront of state travel office efforts nationwide to develop and apply "generally accepted accountability measures" for evaluating the effectiveness of marketing programs. The CTTC also conducts surveys to monitor Web site visitation patterns, and to compare California's performance with other states.

Spring Advertising Campaign

A 12-month study was launched in 2006 to measure consumer awareness of and response to the CTTC's spring cable television advertising campaign, and to determine the return on investment from actual trips taken by people seeing the ads. An evaluation study conducted by Strategic Marketing & Research, Inc. (SMARI) revealed that 5.4 million people who saw the advertising gathered information for planning a trip to California. California ads were rated higher by viewers than its three closest competitors in generating visitor interest. Viewers were also 20 percent more likely than nonviewers to visit a California Web site and twice as likely to call a California 800 number.

California Ad Rating Against Competing States



CTTC Commissioners Work Together to Benefit Industry

The 37-member CTTC comprises Commissioners from California's 12 regions. Members represent four industry sectors: Accommodations, Restaurants and Retail, Attractions and Recreation, and Transportation and Travel Services. Twenty-four of the Commissioners are elected by assessed California businesses; 12 are governor-appointed; and the 37th is the California Business, Transportation and Housing Agency Secretary, who also serves as the CTTC Chair.

Specialized committees led by volunteer Commissioners continue to achieve great successes. The Advertising and Marketing Committee contributed to a campaign delivering 855,000 impressions—up from 64,000 last year. The new International Trade Committee chaired by Commissioner Jon Handlery was formed to advise and direct international marketing efforts in the U.K., Germany, Japan and Australia.

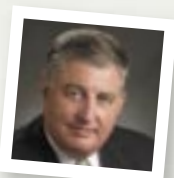
Retired Commissioners

The CTTC recognizes the following retired Commissioners for their outstanding voluntary service.

These individuals retired from the CTTC in December 2005 and were honored at the February 2006 Commission meeting.



Jim Abrams
California Hotel & Lodging Association



Ted Burke
Shadowbrook Restaurant



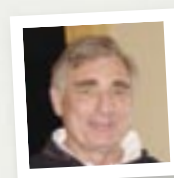
Bill Dombrowski
California Retailers Association



Michael Gelfand
Terra Vista Management



Chuck Hays
Far Horizons 49er Village Resort



Bob Roberts
California Ski Industry Association

Retired Comm. Cont.



Rita Vandergaw
Port of San Diego

Chair



Sunne Wright McPeak
Secretary, California Business, Transportation and Housing Agency

Executive Director



Caroline Beteta
CTTC Executive Director/Deputy Secretary, Division of Tourism

Governor Appointed Commissioners by Region

(AS OF 6/30/06)

CENTRAL COAST



Ted Balestreri
Cannery Row Company

CENTRAL VALLEY



David Blasko
Six Flags Theme Park, Marine World

GOLD COUNTRY



John Dunlap III
Dunlap, Van Vleck & Brown, LLC.

Governor Appointed Commissioners by Region, Continued

(AS OF 6/30/06)

SAN DIEGO COUNTY


Charles Hansen
Viejas Enterprises

SHASTA CASCADE


John Koeberer
California Parks Company

ORANGE COUNTY


Jim Burba
Horwath Hospitality
& Leisure

HIGH SIERRA


Rusty Gregory
Mammoth Mountain
Ski Area

NORTH COAST


Tom Klein
Rodney Strong Vineyards

INLAND EMPIRE


Gillian Zucker
California Speedway

Elected Commissioners by Industry

(AS OF 6/30/06)

ACCOMMODATIONS


Rick Anderson
Casa Tropicana
Inn & Spa



John Bazin
Cendant



Tim Bridwell
Hilton Hotels Corp.,
Central and Northern
California



Chip Conley
Joie de Vivre
Hospitality



Jon S. Handlery
Handlery Union
Square Hotel



Jay Jamison
Pismo Coast Village



Rick Lawrance
California Lodging
Industry Association



Tom Netting
Hyatt Grand Champions
Resort & Spa



Cormac O'Modhrain
Robert Mayer Corp.-
Hilton Waterfront Hotel



J.P. Patel
Best Western
Colony Inn



Sima Patel
Holiday Inn Express
Hotel and Suites



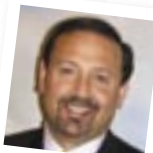
Reint Reinders
San Diego Convention
and Visitors Bureau



John Wagnon
Heavenly
Mountain Resort



CTTC CFO
Terry Westrope
Ocean Park Hotels, Inc.

RESTAURANT & RETAIL


David Cohn
Cohn Restaurant
Group



Louis Meunier
Macy's West



Mark Running
Roy's Restaurant

ATTRACTIONS & RECREATION


Ed Litrenta
SeaWorld San Diego



CTTC Vice Chair
Claire Bilby
Walt Disney Parks
and Resorts

TRANS. & TRAVEL SERVICES


Brian Kennedy
Hertz



CTTC Vice Chair
Terry MacRae
Hornblower
Cruises & Events



Diana Meinhold
Automobile Club of
Southern CA (AAA)

COMMISSIONERS NOT PICTURED

LOS ANGELES COUNTY
Tadao Fujiwara, M.D.

SAN FRANCISCO BAY AREA
Jack Gribbon
Hotel Employees and
Restaurant Employees
International Union

DESERTS
Vacant

ACCOMMODATIONS
Mark Erskine
San Diego Marriott
Hotel and Marina
Reggie McDowell
Interstate Hotels/
MeriStar

Coming Soon

September 2006		
12	TIA California Congressional Delegation Dinner	Washington D.C.
21-24	JATA World Tourism Congress and World Travel Fair	Tokyo, Japan
October 2006		
4	San Francisco Media Reception	San Francisco, CA
24-25	Commission Meeting	Marina del Rey, CA
November 2006		
3-9	National Tour Association Annual Conference	Salt Lake City, UT
6-9	World Travel Market	London, U.K.
TBA	Governor's Mexico Trade and Tourism Mission	Mexico
January 2007		
27-Feb. 1	American Bus Association Marketplace	Grapevine, TX
Jan/Feb	New York Media Reception	New York, NY
February 2007		
TBA	California Travel Mission Mexico	Mexico
15-22	See America Expo	Australia and New Zealand
18-25	Amgen Tour of California	California-wide
March 2007		
7-11	ITB	Berlin, Germany
April 2007		
21-25	Pow Wow	Anaheim, CA

Insights Year in Review

State of California

Arnold Schwarzenegger, Governor

Sunne Wright McPeak, Secretary,
California Business, Transportation and Housing
Agency, Chair, CTTC

CTTC

Caroline Beteta, Executive Director

Jennifer Jasper, Deputy Director,
Communications

Sam Caygill, Media Relations Manager,
Insights Year in Review Editor

Sue Coyle, Director of Corporate
Communications,
Year in Review Assistant Editor

Year in Review is an annual publication of the California Travel and Tourism Commission (CTTC). Articles contained in *Year in Review* may be reproduced without permission; however, acknowledgement is appreciated. Direct all inquiries and correspondence to:

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